



HAWKESBURY
RACE CLUB
LIMITED
2021

ANNUAL REPORT


Hawkesbury Race Club

ANNUAL GENERAL MEETING

HAWKESBURY RACE CLUB
ANNUAL REPORT 2021

**Tuesday 23 November 2021,
6.00pm in the Ted McCabe Function
Centre.**

THE BUSINESS OF THE ANNUAL GENERAL
MEETING (AGM).

Shall be as follows;

1. Welcome to members, apologies and condolences.
2. Confirm the minutes of the 2020 annual General Meeting held on Tuesday 20 October 2020.
3. Matters arising from the minutes of the previous Annual General Meeting.
4. To receive and adopt the Annual Financial Report for year ended 30 June 2021 including;
 - Directors Report
 - Financial Report
 - Auditors' Report
5. Ordinary Business that may be lawfully brought forward.

By order of the Board

Lea Porteous

Acting Chief Executive Officer

Date : 25 October 2021

Photo : Greysful Glamour

5th place - Hawkesbury Gold Cup 2021



CHAIRMAN'S REPORT



Ladies and gentlemen, on behalf of the Board of Directors, I am pleased to present the 2020-2021 Chairman's report. This is my inaugural report having been honoured to be elected chairman after Sid Kelly's retirement following last year's annual general meeting.

2021 has been a challenging year in more ways than one, having come out of COVID-19 lockdown at the start of the financial year July 2020 to finishing in lockdown in June 2021. Amid this, Hawkesbury endured terrible floods in March 2021 affecting our community but also resulting in the loss of one race day on March 25. Despite this, members and patrons were able to enjoy on course racing for most of the year albeit with COVID restrictions. When the Club was unable to welcome members on course, we endeavoured to provide racegoers with tips, digital race books and exclusive race day previews through various digital media and social media portals. In addition, the Board saw fit to waive the membership fees for 20-21.

Hawkesbury Race Club has always been a club that exists to serve its members and promote racing. To host racing, support charity events, and bring people together are all part of the fabric of HRC. COVID -19 unfortunately will impact the way the Club manages these gatherings for many years to come. Big crowds, corporate sponsorship, private events, discretionary spending will all be different to what we knew in the pre Covid-19 world for the foreseeable future. I am confident, however, that Hawkesbury Race Club will still be able to deliver many opportunities for an amazing, enjoyable, and unique racetrack experience.

This is borne out by the fact that the Club had a successful Stand Alone Saturday on Hawkesbury Cup day 1 May 2021 that saw a fantastic crowd and many quality horses. Our Rowley Mile race in August 2020 and our washed out Ladies Day Cup run a week later, in November 2020, also saw the biggest turnover for those races ever.

In spite of the overhanging spectre of COVID -19, the Club has enjoyed a successful year of racing. Through our media partners and betting apps, we saw record numbers of engagement in our sport. Racings number one revenue source, wagering, saw strong growth. Wagering on all Group and Listed races are at an all time high.

Our financials reflect this, with growth in racing mitigating the downturn in all other areas of business due to COVID -19.

I would like to take this opportunity to thank and congratulate Peter V'landys and Racing NSW, the State government, and all the racing industry participants for working so well to keep the Racing Industry going in such a tumultuous environment. Their efforts to act so diligently and responsibly is outstanding and without which, our Club could not have been so successful.

More recently, it is my view that the relationship between Hawkesbury Race Club and Racing NSW has continued to strengthen and build, and we trust that this continues to grow in the future.

Hawkesbury Race Club has had a conservative year for spending on major projects, mindful of the impact of COVID -19, however the Club have successfully self funded the complete refurbishing of the irrigation system for the sandtrack, the B grass and the Course Proper. We have also purchased state of the art technology in lawnmowers and track maintenance equipment, and continued to spend funds on the Motel to maintain our 4 Star rating.

CHAIRMAN'S REPORT

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Proposed new on course stabling facilities mentioned at the last AGM is still pending, awaiting confirmation of government funding and in addition further investigation is needed in relation to the location given the floods of March 2021.

The Board and Management are currently working on a new strategic plan for the HRC precinct, one intended to maximise its potential and enhance its existing facilities to its current members and supporters and to broaden its appeal to the wider Hawkesbury community. Whilst still in its infancy, the ideas and objectives are exciting and visionary, and the Board hopes to bring this to our members once there is something concrete.

We have had some changes to the Board over the last year due to members elections, and Racing NSW appointees, and we currently are waiting on two positions to be appointed by Racing NSW.

At this point, I would like to thank my fellow board members for their tremendous dedication and service to their duties. We have a very knowledgeable and vibrant Board at the moment, and in particular I would like to welcome and make note of Hawkesbury Race Club's very first female director, Carole Maher, who brings with her outstanding skills and credentials, and has already contributed greatly to the Club. Thank you, Carole. With you and the rest of Directors we have on the Board, the Club is in safe hands.

I would also like to acknowledge and thank our previous Chairman Mr Sid Kelly OAM, for his outstanding service to the Club over many years, who retired last year. We wish him good health and happiness in his retirement.

Acknowledgement also to our previous CEO, Mr Ken Rutherford for his service and contribution to the Club in his short tenure here. COVID-19 hasn't helped his role, and he has decided to return to New Zealand for family reasons.

It is fortunate that the Club has in its personnel Lea Porteous, who has stepped up and assumed the mantle of Acting CEO upon Mr Rutherford's departure. Lea is outstanding in her own right and has already shown she is more than capable to lead the ship. We thank Lea for her service and diligent application to her duties and seamless transition to the top role.

The Board would also like to thank all the staff at the Hawkesbury Race club, from the catering, liquor and event staff, the Motel and cleaning staff, the grounds and maintenance staff, the track staff and the administration staff, and all their respective managers. We thank each and every one of you.

You are the heart and soul of the Club, and the Hawkesbury Race Club could not run without you.

Last, and definitely not least, I thank all of you loyal members for supporting the Club and the Board over the last year and beyond. You are much appreciated, and you bring to the club a passion and enthusiasm for racing with a distinct Hawkesbury flavour.

In the post lockdown era, and given the relaxation of COVID restrictions, I feel we are on the verge of some very exciting times in the future, and the Board hope to see all of you, trackside very soon.

Thank you

Phil Chen
Chairman
25 October 2021



ACTING CHIEF EXECUTIVE'S REPORT

HAWKESBURY RACE CLUB
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2020/21 was the year we began to work with COVID19, there were many moments in the yearlong 20/21 that I thought how lucky our core industry of racing has survived and thrived financially.

From the dramatic transformation to our lives which began in March 2020, Greater Sydney was fortunate to see out most of the 20/21 year without hard lockdowns and with crowds on course.

It became the norm for our staff to rapidly respond to the ever-changing Government and Racing NSW COVID19 regulations. Preparing every race day, private event and motel booking, with QR codes, seating restrictions, masks, lots of sanitiser and cleaning.

A year later from the beginning of the pandemic, we endured the Hawkesbury Floods in March 2021. Sometimes it must feel like our community can't cop a trick. Devastating fires, pandemic and two floods, all within a 16-month period.

Yet again, out of the distress and destruction of property has arisen the real spirit of our local community, which has rallied magnificently. The Club received only minor superficial damage throughout the horse stall area from waters rising via Rickaby Creek. Again, feeling very lucky again!

Financial Highlights

Throughout these unprecedented times, the racing industry has stayed strong in the face of all this adversity. The Club has delivered a net profit of \$631,189, an increase of \$695,980 from last year's deficit of \$64,791.

The strong performance was driven by our TAB wagering turnover, \$5,325,014 an increase of 27% from last year. After two years of negative growth in wagering income, it was pleasing to see the Provincial sector of racing was resilient and delivered strong results in 20/21. We have still not reached a target of 2.5% growth per year since 2018, even with this year's increase. The Provincial Scheme of Distribution (SoD - TAB wagering payouts) is under much scrutiny at the moment from the Provincial Association of NSW, its an old agreement and its difficult in maintaining equity between the five Provincial Clubs when programming and major events are favouring other Clubs. Over the next 12 months, PRANSW endeavours too not just update the SoD, but re-create a fairer system which will promote Clubs to show initiative.

HRC Motel has continued to trade the full 365 days without closure in 20/21 FY, this was only possible with strategically modifying operations to ensure guests were still provided a high level of service despite reduced opening hours and staffing levels. The Motel occupancy was down -15.8% with rate down -15.3%. New motel management systems have been put into place during the year with the path to recovery for our motel being very optimistic in 2021/22.

The non-race day events suffered a similar fate to the motel revenue. Clients were very hesitant to book parties, weddings and conferences when NSW government regulations on social distancing were changing at the drop of a hat. In April, we did see the return of the hugely successful Collectors Plant Fair, with over 6000 plant enthusiasts on course over two days. School students were lucky to let down their hair and dress up for school formals in November and December 2020.

ACTING CHIEF EXECUTIVE'S REPORT

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Infrastructure & Equipment Update

The Club continues to prioritise maintaining all track surfaces to a high standard. This year our irrigation system saw a major upgrade, with the course proper, B grass and sand track overhauled. This new system now gives our Racecourse Manager Rick Johnston complete control of the sprinkler system via a phone app. We are heading into the 21/22 summer with a large volume of water storage and the course proper is in fantastic condition thus far. Rick puts a lot of time and passion into the course proper and the track is thriving from his labour of love.

Most of the track equipment purchased throughout the year, will benefit the tracks enormously. Our new Ventrac commercial mower is one of the most powerful and versatile mowers on the market, the attachments include a trim mowing deck, a rough-cut mini slasher, coring and a power harrow.

The new Toro Ground Master Rotary Mower is dedicated to mowing only the course proper & B Grass to the perfect cut. The Club is taking advantage of the current low interest rates, all the new track machinery and motor vehicles have been purchased through loans or a chattel mortgage agreement, our balance sheet reflects the debt total of \$291,399.

The Directors always grant a generous capital expenditure budget to our motel to retain its important (Quality Tourism 4-star rating status). All 30 rooms were updated with plush King Koil mattresses, new Guest Wi-Fi network and wall mounting all TV's to complement our digital TV/Foxtel upgrades from last year. A new Toyota Hiace 12 seater courtesy bus was purchased in November 2020, the bus has been facelifted with full graphics advertising the motel.

On-course, five large new billboards were erected from the 1200m to 1600m and extended sign panelling on the Racecourse Road fence line. This has created an additional revenue stream for our sponsorship team, with many of our loyal sponsors jumping at the chance to purchase the signage.

The Club began the implementation of our new Point of Sale system throughout the bars and food outlets over the lockdown period. This will be a powerful business management solution for our business, integrating our sales transactions with inventory stock and creating streamline reporting. Over the coming year, our members will benefit through the POS with a loyalty reward program and special food and beverage promotions.

Racing Highlights

Our first Listed race for the year – 20 August 2020, Pioneer Services Rowley Mile 1600m saw Savacool provide a thrilling finish as she stormed home late to win under champion jockey Tommy Berry. Savacool is owned and trained by Chris Waller who has now won this race four times. Savacool went on to place third in our Listed Lander Toyota Ladies Day Cup in November 2020.

We gained a new valued sponsor for the Rowley Mile with Pioneer Services, a company with a diverse range of services from NSW health cleaning contracts to pest and fire protection.

Due to heavy rain, Lander Toyota Ladies Day – 5 November 2020, was postponed to the following Wednesday 11 November. With no racing on our Oaks Day race date, we continued to entertain our guests within the function rooms and undercover areas, with fabulous food, fashions and entertainment. The Wednesday meeting created record wagering turnover for the Listed Lander Toyota Cup 1600m. Won by Black On Gold, trained by Chris Waller and ridden by Brenton Avdulla. Black On Gold went on to win the \$1M Frizelle Sunshine Magic Millions Subzero in January 2021.

I would like to take this opportunity to thank Rod Cullen the proprietor of Lander Toyota at Blacktown. 2020 clocked ten years of his generous support on Ladies Day and we are proud of our partnership – they are the Club's preferred new and used car dealer.

ACTING CHIEF EXECUTIVE'S REPORT

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Hawkesbury Cup Day Stand Alone Saturday – 1 May 2021, was a huge success for the Club and was fantastic to see so much fun and activity on-course after a year of social distancing. Stand Alone Saturday now in its sixteenth year and always attracts bumper nomination entries.

The Hawkes Racing team chalked up back-to-back Group 3 Evergreen Turf Hawkesbury Gold Cup wins when Archedemus won the race for the second time. Archedemus was victorious in the race in 2019 when trained by Gwenda Markwell, while his new trainers won it last year with Amangiri. Archedemus' win gave Josh Parr three winners for the Stand Alone Cup Day 2021. Thank you to Evergreen Turf for their sponsorship of our Gold Cup race and other sponsorships throughout the year.

Lightly raced three year old Exoboom upstaged his more fancied rivals to take out the G3 Blacktown Workers Hawkesbury Guineas 1400m. This comes just two years after its Triple Crown stablemate Military Zone won the race in 2019. Trained by Peter & Paul Snowden, ridden by Sam Clipperton.

Thank you to Blacktown Workers Club, who are dream sponsors. We hope they have been resilient throughout the NSW Covid-19 lockdown and prosper into 21/22.

The lovely mare Sweet Deal took out the G3 Killahy Equine Hawkesbury Crown 1300m fillies and mares race. Trained by John Thompson, ridden by Nash Rawiller. Thank you to Killahy Equine for your continued sponsorship.

Hawkesbury Highlights

Congratulations to Brad Widdup and his team. He was Hawkesbury's leading trainer for the fourth season in succession. He prepared 36 winners, Edward Cummings was next with 13 and Garry White had 11.

Widdup's horses earned prizemoney of nearly \$3.72m – easily his best in a season so far – and it would have been even more lucrative had stable star Icebath won either or both the \$7.5m Golden Eagle or \$3m Doncaster Mile instead of being beaten in agonisingly close finishes by Godolphin pair Colette and Cascadian respectively.

Edward Cummings became Hawkesbury's newest Group 1 winning trainer in a breakout season. He won the Queensland Oaks at Eagle Farm in June with Duais after she had been runner-up in the ATC Oaks at Royal Randwick in April.

In terms of Hawkesbury meetings, Garry White was the leading local trainer with five wins, just ahead of Edward Cummings (4).

Mark Newnham won the Hawkesbury trainer's premiership with 15 wins, six ahead of Kris Lees, Peter and Paul Snowden, and Chris Waller.

Jason Collett, after being runner-up the previous two seasons, came out on top of the jockey's premiership. He rode 16 winners, one more than last season's winner Rachel King. Keagan Latham, the leading NSW provincial rider, was third with 13 wins.

Tom Sherry and Tyler Schiller (both indentured to Mark Newnham) tied in the apprentices' premiership with five winners each.

HRC conducted 168 races during the season (average 8.57 starters per race) and paid out \$7,003,280 (ex gst) in prizemoney.

Favourites won 32.6 per cent of races, and the place percentage was 72.5 per cent.

Hawkesbury trainers prepared 135 winners during the 2020-21 season, slightly down on the previous year's 139.

ACTING CHIEF EXECUTIVE'S REPORT

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Twenty-seven Hawkesbury trainers were in the winning list during the season, with February and July being the most successful months, producing 19 winners apiece.

Thank you to Peter V'Landy's and his team at Racing NSW, their guidance in keeping our great industry safe and prosperous over the last 12 months is to be commended.

I would like to take this time to recognise and thank our previous CEO, Ken Rutherford, for his 19 months tenure as Chief Executive Officer of the Company.

Thank you to the HRC Board of Directors for their valuable time and passion for the Club. Our small team at HRC are loyal, diligent and versatile. To run a hospitality venue, a motel and a racecourse requires 24 hours/7 days per week of commitment. I would like to thank them for their efforts, they certainly don't go unnoticed.

Thank you

Lea Porteous
Acting Chief Executive Officer
25 October 2021



FEATURE RACE WINNERS

HAWKESBURY RACE CLUB
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Archedemus

TRAINER : M, W & J HAWKES

JOCKEY : JOSH PARR

\$200,000 G3 Evergreen Turf Hawkesbury
Gold Cup 1600m - 1 May 2021



Exoboom

TRAINER : PETER & PAUL SNOWDEN

JOCKEY : SAM CLIPPERTON

\$200,000 G3 Blacktown Workers Hawkesbury Guineas
1400m - 1 May 2021



Sweet Deal

TRAINER : JOHN THOMPSON

JOCKEY : NASH RAWILLER

\$140,000 G3 Killahy Equine Crown 1300m
1 May 2021



Black On Gold

TRAINER : CHRIS WALLER

JOCKEY : BRENTON AVDULLA

\$150,000 Listed Lander Toyota Ladies Day Cup 1600m
11 November 2020



Savacool

TRAINER : CHRIS WALLER

JOCKEY : TOMMY BERRY

\$150,000 Listed Pioneer Services Rowley Mile 1600m
20 August 2020

PHOTO'S COURTESY OF BRADLEY PHOTOS

Hawkesbury floods
Photo taken on 24th March 2021

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SPONSORS & COMMERCIAL PARTNERS

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FINANCIAL STATEMENTS

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PHOTO : EXOBOOM
BLACKTOWN WORKERS HAWKESBURY
GUINEAS WINNER 2021

DIRECTORS' REPORT

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Your Directors' present their report together with the financial report of Hawkesbury Race Club Limited (the Company) for the financial year ended 30 June 2021.

The Directors of the Company at any time during or since the end of the financial year are as follows:

Saidley Peter Kelly OAM - Chairman retired 22 October 2020

Dr Philip Chen - Appointed Chairman 22 October 2020, transferred to Member Elected Director 22 October 2020

Greg Stevens - Appointed Vice Chairman 22 October 2020

Rob Stalley - Treasurer, Transferred to Member Elected Director 22 October 2020

Warren Chalker - Former Treasurer, Transferred to Member Elected Director 22 October 2020

Paul Fraser - Not re-elected at the Biennial General Meeting

John Gollan - RNSW Independent Director expired 27 January 2021

Carole Maher - RNSW Independent Director 27 January 2021

Graeme Colless - RNSW Independent Director 27 January 2021 Resigned 28 June 2021

Ross Gerard - RNSW Independent Director 28 April 2021 Resigned 28 June 2021



DR PHILIP CHEN

Chairman, Elected Director
M.B.B.S (USYD)

Experience and special responsibilities

- Chairman of the Board from 22 October 2020
- Vice Chair of the Board from 5 June 2020 to 21 October 2020
- Elected Director from 22 October 2020
- Former RNSW Independent Director from 29 August 2014 to 21 October 2020
- Former Elected Director from 29 October 2009 to 28 August 2014
- Life Member of Hawkesbury Race Club Limited
- General Practitioner
- Proprietor/Director of Francis Street Family Practice
- Honorary Hawkesbury Race Club Doctor from 1991
- Thoroughbred racehorse owner
- Member of Australian Thoroughbred Breeders Club



GREG STEVENS

Vice Chairman, Elected Director

Experience and special responsibilities

- Vice Chairman of the Board from 22 October 2020
- Elected to the Board 15 October 2003
- Life Member of Hawkesbury Race Club Limited
- Member of the Administration Sub-Committee
- Former Company Director

DIRECTORS' REPORT

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ROB STALLEY

Treasurer, Elected Director
Bachelor of Commerce (NSW) FCPA

Experience and special responsibilities

- Elected Director from 22 October 2020
- Former Appointed Director from 19 December 2019 to 21 October 2020
- Former CFO of Holroyd City Council
- Former CFO of Hawkesbury City Council
- Director of Australiana Pioneer Village
- Director of The Richmond School of Arts



WARREN CHALKER

Elected Director
Bachelor of Commerce (UNSW)

Experience and special responsibilities

- Treasurer of the Board from 19 December 2019 to 30 June 2021
- Elected Director from 22 October 2020
- Former RNSW Independent Director 10 February 2017 to 21 October 2020
- HRC Representative Provincial Racing Association of NSW
- Chartered Accountant
- Director of Chalker Accountants Pty Ltd
- Treasurer of Australiana Pioneer Village
- Chairman of Newhaven Farm Home Limited
- Member of Governance Institute of Australia NFP



CAROLE MAHER

Independent Director

Experience and special responsibilities

- RNSW Independent Director from 27 January 2021
- Proprietor, Creative Director, Millinery Designer and international Educator, The Sydney Millinery Co
- Fashions sponsor for HRC

Formerly;

- Committee Member, Regional Development Australia (RDA), Sydney
- Member, Hawkesbury Economic Development Board
- Chair and founder, Hawkesbury Harvest Farmers Markets
- Founding Vice Chair, Hawkesbury Harvest
- CEO & Director, Texon International, Advertising, Hong Kong
- GM, Window Creative, Marketing & Advertising, Subsidiary of DDB Needham, HK
- Director, Australian Chamber of Commerce in Hong Kong
- Marketing Committee, American Chamber of Commerce in Hong Kong

DIRECTORS' REPORT

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Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Name of Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Saidley Kelly OAM (Former Chairman)	3	3
Dr Philip Chen (Chairman)	10	10
Greg Stevens (Vice Chairman)	10	10
Rob Stalley (Treasurer)	10	10
Warren Chalker	10	10
John Gollan	4	4
Paul Fraser	3	3
Carole Maher	6	6
Graeme Colless	5	4
Ross Gerard	2	2

Principal Activities

The principal activity of the company is the conduct of provincial horse racing at Clarendon NSW. The company also provides tracks and facilities for training, operates a motel and provides facilities for social functions, exhibitions and displays.

There was no significant change in the nature of this activity during the year.

Short & Long Term Objectives

The Company's short-term objectives are as follows:

- Conduct race meetings of a standard that is satisfactory to all industry participants;
- Construction of on-course stables and associated facilities;
- Promote non race day functions and conferences;
- Increase motel patronage and keep abreast of changes in hospitality expectations; and
- Monitor federal and state public health communications about COVID-19 regulations, guidance and recommendations, to ensure workers and patrons are safe and preventing the spread of COVID-19.

The Company's long term objectives are as follows:

- To conduct healthy and vibrant middle tier horse race meetings of a high standard;
- To encourage participation and provide the facilities necessary to ensure enjoyment in the sport of horse racing for members, their guests, owners, breeders, trainers, local community, on-course and off-course customers and other industry participants;
- To constantly maintain and improve the tracks for racing & training;
- To keep a low debt regime; and
- To continue to return funds to the industry including owners, breeders, trainers.

Strategy for achieving the Objectives

To achieve these objectives, the Company has adopted the following strategies:

- Conduct race meetings profitably and with sufficient cash flow to meet those objectives;
- Receive the financial support of Racing NSW and the State Government for racing and future developments;
- Develop key marketing opportunities with community stakeholders for the benefit of the Company, its members and the local community for race meetings and non-race meeting events;
- Focus on ensuring a return on non-racing investments to supplement revenue;
- To employ staff that are competent in the positions they hold and who focus on providing satisfaction to customers;
- Provide a variety of food and beverage venues of a satisfactory standard;
- Develop & maintain relationships with all industry bodies; and
- To operate a facility of high standard accommodation in close proximity to the race course.

Performance Measures

The company measures its performance based on financial & non-financial indicators. The financial indicators extracted from financial information of the Company are a combination of internal performance data and comparison of other provincial & other race clubs of similar operation in total & on a per meeting basis. Key performance indicators include:

- Number of races
- Number of starters
- TAB turnover
- Bookmakers turnover
- Prizemoney

Impact of COVID-19

COVID-19 has continued to impact the Company throughout 20/21. As a result of compliance with the rules and regulations with governance restrictions regarding maximum capacity and social distancing, COVID-19 had a material financial impact on the Company including the level of gross turnover.

The Company continued to qualify for the Commonwealth Government JobKeeper stimulus until 30 September 2020 and also received Commonwealth Government support for COVID-19 in the forms of the Cashflow Boost and payroll tax relief.

The Directors are continuing to monitor and quantify the financial impact on the Greater Sydney lockdowns and will apply for NSW Government Disaster Grants should we qualify.

Subsequent events

The Directors continue to review the impact of COVID-19 on the operating activities of the Company including eligibility to Government stimulus packages.

The Company is currently involved in legal proceedings with a former employee and an employment agent's employee. These matters are ongoing and are at a stage where the outcome cannot be reasonably determined at the date of this report.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- The Company's operations in future years; or
- The results of those operations in future years; or
- The Company's state of affairs in future financial years.

DIRECTORS' REPORT

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Company Incorporation and Member's Guarantee

The Company was incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. The Company has ordinary members and life members. At 30 June 2021, the total number of members of the Company including life members was 506 (2019: 482). The total amount that members are liable to contribute if the Company wound up is \$5,060 (2020: \$4,820).

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on the next page.

Signed in accordance with a resolution of the Board of Directors



Dr Philip Chen

Chairman

Dated: 25 October 2021

Photo : Archedemus, 2 x winner
Hawkesbury Gold Cup 2019 & 2021
Jockey, Josh Parr

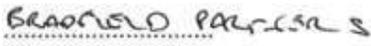


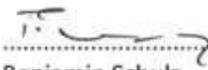
BRADFIELDPARTNERS
CHARTERED ACCOUNTANTS

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


Bradfield Partners


Benjamin Schulz
Partner

Date: 25 October 2021
Sydney, Australia

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Revenue			
Revenue from Operations	3	14,873,923	13,451,355
Other Income	3	498,622	799,279
Total Revenue		<u>15,372,545</u>	<u>14,250,634</u>
Expenses			
Racing		10,268,716	9,674,926
Beverage Trading		355,848	318,961
Catering and Functions		697,181	752,254
Depreciation and Impairment	4	1,159,876	1,114,992
Finance Costs		34,788	15,603
General Operating Expenses		1,266,453	1,462,076
Loss on Disposal of Assets		-	3,405
Motel Operations		642,877	689,552
Occupancy Costs		315,617	283,656
Total Expenses		<u>14,741,356</u>	<u>14,315,425</u>
Surplus/(Deficit) Before Income Tax Expense		631,189	(64,791)
Income Tax Expense	1(c)	-	-
Surplus/(Deficit) After Income Tax Expense for the year		<u>631,189</u>	<u>(64,791)</u>
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land		-	643,092
Total Other Comprehensive Income for the year		<u>-</u>	<u>643,092</u>
Total Comprehensive Income for the year		<u>631,189</u>	<u>578,301</u>

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Current Assets			
Cash and Cash Equivalents	5	2,616,854	1,551,923
Receivables	6	2,392,499	2,302,872
Inventories	7	64,318	71,950
Other Assets	8	-	5,103
Total Current Assets		<u>5,073,671</u>	<u>3,931,848</u>
Non-Current Assets			
Financial Assets	9	300,000	300,000
Property, Plant and Equipment	10	29,375,464	29,895,338
Total Non-Current Assets		<u>29,675,464</u>	<u>30,195,338</u>
Total Assets		<u>34,749,135</u>	<u>34,127,186</u>
Current Liabilities			
Payables	11	1,008,290	1,288,334
Employee Benefits	12	279,348	299,040
Financial Liabilities	13	71,487	-
Total Current Liabilities		<u>1,359,125</u>	<u>1,587,374</u>
Non-Current Liabilities			
Employee Benefits	12	1,763	2,666
Financial Liabilities	13	219,912	-
Total Non-Current Liabilities		<u>221,675</u>	<u>2,666</u>
Total Liabilities		<u>1,580,800</u>	<u>1,590,040</u>
Net Assets		<u>33,168,335</u>	<u>32,537,146</u>
Equity			
Accumulated Funds		32,128,234	31,497,045
Reserves	14	1,040,101	1,040,101
Total Equity		<u>33,168,335</u>	<u>32,537,146</u>

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF CASH FLOWS

As at 30 June 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
<u>Cash Flows from Operating Activities</u>			
Receipts from operations		14,837,175	13,670,706
COVID-19 Stimulus and assistance		455,000	602,711
Payments to Suppliers and Employees		(13,859,643)	(13,547,796)
Interest Received		7,713	14,497
Finance costs		(34,788)	(15,603)
<i>Net Cash provided by Operating Activities</i>		<u>1,405,457</u>	<u>724,515</u>
<u>Cash Flows from Financing Activities</u>			
Proceeds from issuance of asset finance		321,854	-
Principal repayments of asset finance		(30,454)	-
<i>Net Cash provided by Financing Activities</i>		<u>291,399</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>			
Payments for Property, Plant and Equipment		(668,289)	(578,791)
Proceeds from Disposal of Property, Plant and Equipment		36,364	42,045
<i>Net Cash used in Investing Activities</i>		<u>(631,925)</u>	<u>(536,746)</u>
Net Cash Movement		1,064,931	187,769
Cash at the Beginning of the Year		1,851,923	1,664,154
Cash at the End of the Year	5	<u>2,916,854</u>	<u>1,851,923</u>

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF CHANGES OF EQUITY

As at 30 June 2021

	<u>Accumulated</u> <u>Funds</u> \$	<u>Revaluation</u> <u>Surplus</u> \$	<u>Capital Profits</u> <u>Reserve</u> \$	<u>Total</u> \$
Balance as at 1 July 2019	31,257,435	397,009	304,401	31,958,845
Deficit for the Year	(64,791)	-	-	(64,791)
Movement in reserves	304,401	-	(304,401)	-
Total Other Comprehensive Income	-	643,092	-	643,092
Balance as at 30 June 2020	31,497,045	1,040,101	-	32,537,146
Surplus for the Year	631,189	-	-	631,189
Movement in reserves	-	-	-	-
Total other Comprehensive Income	-	-	-	-
Balance as at 30 June 2021	32,128,234	1,040,101	-	33,168,335

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 1: General Information

The financial report covers Hawkesbury Race Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Hawkesbury Race Club Limited's functionality and presentation currency.

Hawkesbury Race Club Limited is a not-for-profit unlisted public company limited by guarantee.

The Company's registered office and principal place of business is:

1 Racecourse Road
Clarendon NSW 2756

The financial report was authorised for issue, in accordance with a resolution of directors, on 25 October 2021.

Note 2: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards issued not yet effective

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Company in this financial report. The Company has reviewed the impact of these changes and has determined that the adoption of these standards will not have a material effect on the financial position or performance of the Company, other than as set out below.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The standard is effective for annual reporting periods beginning on or after 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments. The Company has not early adopted the accounting standard.

a. Basis of preparation

The financial report is a Tier 2 general-purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act, as appropriate for not-for-profit entities.

Historical cost convention

The financial report has been prepared under the historical cost convention, except for, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(t).

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

b. Revenue Recognition

The Company recognises revenue as follows:

Revenue from contracts with customers:

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transfer price, if any, reflects the concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Racing NSW distributions:

Distributions from Racing NSW are recognised in the relevant financial year to which it relates taking into account the Scheme of Distribution requirements.

Membership fees

Membership revenue is recognised when it is received or when the right to receive payment is established. The membership year is July to June, which is in line with the Company's financial year. Income received before year end for the subsequent year is reflected as revenue in advance.

Sponsorship monies received in advance and deposits for functions and motel accommodation held after the end of the financial year will be brought to account in the financial year in which it relates to.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue:

Other revenue is recognised when it is received or when the right to receive payment is established.

c. Income tax

The Company is exempt from income tax under section 50-45 Item 9.1(a) of the Income Tax Assessment Act 1997.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

d. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f. Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Receivables are generally due for settlement within 30 days.

g. Inventories

Inventories are measured at the lower of cost or net realisable value.

h. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transactions costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised costs or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Where there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at cost only if both the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cashflows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The Company's financial assets includes term deposits with maturities that expire more than 12 months after year end.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

i. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

j. Property, Plant and Equipment

Each class of Property, Plant and Equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

i. Land

Land and Crown land is measured at fair value in accordance with AASB 116 Property, Plant and Equipment. Fair value is based on periodic valuations by independent valuers. The fair value of the land is assessed on a highest and best use basis (consistent with zoning). The last independent valuation of land was performed on 31 August 2020. In the years where land is not subject to independent valuation, the Directors review the key assumptions of the most recent valuation to ensure the carrying amount of land reflects the fair value.

ii. Buildings, Racetrack and Improvements

Buildings, Racetrack and Improvements are measured at cost in accordance with AASB 116 Property, Plant and Equipment. Buildings in Progress are recorded at the total cost of the project incurred up to year end.

iii. Equipment and Motor Vehicles

Equipment and Motor Vehicles are measured on a cost basis. The carrying amount of Equipment and Motor Vehicles is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets.

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HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

Depreciation and Amortisation

Depreciation is calculated on a straight-line basis over their estimated useful life commencing from the time the property, plant and equipment asset (excluding land) is held ready for use. The depreciation rates used for each class of assets are

<u>Class of Asset</u>	<u>Depreciation & Amortisation Rate</u>
Buildings, Racetrack and Improvements	2% - 10%
Plant and Equipment	5% - 40%
Motor Vehicles	10% - 20%
Motel Equipment and Furniture	5% - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

k. Impairment of Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

l. Payables

Payables represent the liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

m. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

n. Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

o. Financial Liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise payables and asset finance loans.

p. Fair Value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

q. Reserves

Revaluation Surplus

The reserve represents movement in the fair value of the class of assets, being land, as a result of revaluation. Net revaluation increases of land are recognised in other comprehensive income and accumulated in equity under the heading of Revaluation Surplus. Any decrease in the fair value of land is first recognised in other comprehensive income to the extent of any credit balance existing in the Revaluation Surplus. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of Revaluation Surplus. Where there is no Revaluation Surplus reserve credit balance, the decrease as a result of the revaluation is recognised in profit or loss.

r. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax office.

s. Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 2: Significant Accounting Policies (continued)

t. Critical accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial report. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Economic dependence

The Company is dependent upon the ongoing funding of Racing NSW to ensure continued operations. Racing NSW has final control over the conduct and timing of race meetings. This can have a material impact on the operating performance and financial position of the Company. At the date of this report, the Directors have no reason to believe Racing NSW will not continue to support the Company.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 2(n), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Impairment of assets

The Company assesses impairment at each reporting date evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Directors have determined there is no impairment as at balance date other than as disclosed elsewhere within this report.

COVID-19

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have, on the Company, and in determining the ability of the Company to satisfy the various Commonwealth and State Government stimulus measures.

The Directors consider the Company eligible for the stimulus measures it has applied for.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Note 3: Revenue and Other Income</u>		
Revenue		
Racing	13,253,322	11,541,417
Beverage Trading	375,047	263,430
Catering and Functions	516,596	576,973
Motel Operations	725,213	1,045,285
Members' Subscriptions	3,745	24,250
	<u>14,873,923</u>	<u>13,451,355</u>
Other Income		
Cashflow Boost – COVID-19	50,000	50,000
JobKeeper Subsidy – COVID-19	405,000	186,000
Racing NSW Club assistance – COVID-19	-	366,711
Insurance Recovery	17,211	170,386
Interest received	7,713	14,497
Gain on disposal of assets	8,077	-
Other Income	10,621	11,685
	<u>498,622</u>	<u>799,279</u>
<u>Note 4: Expenses and Significant Items</u>		
Depreciation and Impairment:		
- Buildings, Racetrack and freehold improvements	916,687	901,886
- Plant and Equipment	182,397	178,198
- Motor Vehicles	27,776	12,100
- Motel Equipment and Furniture	33,016	22,808
	<u>1,159,876</u>	<u>1,114,992</u>
Cost of Sales:		
- Beverage Trading	170,867	125,831
- Catering and Functions	179,522	206,013
	<u>350,389</u>	<u>331,844</u>
Significant Revenues and Expenses:		
- Racing NSW Distributions	5,325,015	4,188,102
- Racing NSW Prizemoney Contributions	4,195,280	4,009,580
- Prizemoney paid	7,003,280	6,463,681
- Employee Remuneration and Benefits	2,343,139	2,463,522

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
Note 5: Cash and Cash Equivalents		
Cash at Bank	2,614,824	1,549,893
Cash on Hand	2,030	2,030
	<u>2,616,854</u>	<u>1,551,923</u>
 Cash at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of the financial position as follows:		
- Cash and Cash Equivalents	2,616,854	1,551,923
- Financial assets	300,000	300,000
Cash in the statement of cash flows	<u>2,916,854</u>	<u>1,851,923</u>
 Note 6: Receivables		
Trade Receivables	54,233	122,871
Less Provision for Impairment Loss	(1,340)	(17,076)
	<u>52,893</u>	<u>105,795</u>
Debtors – Racing NSW	1,900,658	1,572,160
Other Receivables	438,948	624,917
	<u>2,392,499</u>	<u>2,302,872</u>
 Provision for Impairment – opening balance		
	17,076	6,000
Charge/(reduction) for the year	(15,736)	36,888
Written off	-	(25,812)
Provision for impairment – closing balance	<u>1,340</u>	<u>17,076</u>
 Note 7: Inventories		
Stock on hand at cost	<u>64,318</u>	<u>71,950</u>
	64,318	71,950
 Note 8: Other Assets		
Prepayments	-	5,103
	<u>-</u>	<u>5,103</u>
 Note 9: Financial Assets		
Non-Current		
Financial asset at amortised cost		
- Term Deposit	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
Note 10: Property, Plant and Equipment		
Land		
Land at fair value	1,178,257	1,178,257
Crown land at fair value	12,235,350	12,235,350
	<u>13,413,607</u>	<u>13,413,607</u>
Buildings, Racetrack and Improvements		
Buildings, Racetrack and Improvements in progress	455,886	305,484
Buildings, Racetrack and Improvements at cost	20,823,106	20,798,457
Accumulated Depreciation	(6,969,706)	(6,055,019)
	<u>14,309,286</u>	<u>15,048,922</u>
Plant and Equipment		
Plant and Equipment at cost	2,739,542	2,687,133
Accumulated Depreciation	(1,513,505)	(1,510,931)
	<u>1,226,037</u>	<u>1,176,202</u>
Motor Vehicles		
Motor Vehicles at cost	244,560	119,819
Accumulated depreciation	(71,600)	(83,615)
	<u>172,960</u>	<u>36,204</u>
Motel Equipment and Furniture		
Motel Equipment and Furniture at cost	1,036,863	993,196
Accumulated depreciation	(783,289)	(772,793)
	<u>253,574</u>	<u>220,403</u>
Total Property, Plant and Equipment	<u>29,375,464</u>	<u>29,895,338</u>

Core and Non-Core Property

In accordance with Section 41(j)(2) of the Registered Clubs Act 1976 (NSW) (as amended), the Company defines its core property and non-core property as follows:

Core property

The Company has determined the following premises to comprise the core property as at 30 June 2021:

- 15 Racecourse Road Clarendon
- 15A Racecourse Road Clarendon
- 71 Racecourse Road Clarendon

Non-core property

The Company has determined there is no non-core property as at 30 June 2021.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 10: Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment are as follows:

	<u>Land and Crown Land</u>	<u>Buildings, Racetrack and Improvements</u>	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Motel Equipment and Furniture</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>2021</u>						
Balance at Beginning of the Year	13,413,607	15,048,922	1,176,202	36,204	220,403	29,895,338
Additions	-	177,051	236,113	188,938	66,187	688,289
Disposals	-	-	(3,881)	(24,406)	-	(28,287)
Depreciation Expense	-	(916,687)	(182,397)	(27,776)	(33,016)	(1,159,876)
Revaluation	-	-	-	-	-	-
Balance at End of the Year	13,413,607	14,309,286	1,226,037	172,960	253,574	29,375,464

At 30 June 2021, the Directors reviewed the key assumptions adopted by independent valuer, Opteon Property Group Pty Ltd, in their valuation dated 31 August 2020, and do not believe there has been a significant change in the assumptions or market value of the land.

Accordingly, the Directors believe the carrying value of the land and crown land at 30 June 2021 correctly reflects the fair value.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
Note 11: Payables		
Current		
Trade payables	805,437	983,935
Other Payables and Accrued Charges	141,336	267,929
Revenue in advance	61,517	36,470
	<u>1,008,290</u>	<u>1,288,334</u>

Note 12: Employee Benefits

Current

Annual Leave	85,581	81,901
Long Service Leave	193,767	207,554
Other	-	9,585
	<u>279,348</u>	<u>299,040</u>

Non-current

Long Service Leave	1,763	2,666
	<u>1,763</u>	<u>2,666</u>
	<u>281,111</u>	<u>301,706</u>

Note 13: Financial Liabilities

Current

Asset finance	71,487	-
	<u>71,487</u>	-

Non-Current

Asset finance	219,912	-
	<u>219,912</u>	-
	<u>291,399</u>	-

Assets pledged as security

A fixed and floating charge is held as security in addition to a mortgage over the motel for the Bank Overdraft.

Asset finance is secured by the underlying asset financed assets.

Available Facility

The available banking facility which represents the overdraft facility, is summarised below:

	<u>2021</u>	<u>2020</u>
	\$	\$
Total Facility utilised at year end	291,399	-
Total Facility unused at year end	900,000	900,000
Total Facility available at year end	<u>1,191,399</u>	<u>900,000</u>

Note 14: Reserves

Revaluation Surplus	1,040,101	1,040,101
	<u>1,040,101</u>	<u>1,040,101</u>

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

<u>2021</u>	<u>2020</u>
\$	\$

Note 15: Key Management Personnel Disclosures

The total compensation for key management personnel of the Company during the financial year is set out as follows:

Compensation	734,609	416,567
	<u>734,609</u>	<u>416,567</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Note 16: Related Party Transactions

All members of the Board act in an honorary capacity and receive no remuneration or other benefits for their services.

Board Members may be reimbursed for expenditure incurred in the conduct of their official duties.

During the year, Evergreen Turf, of which Mr Graeme Colless is associated, acquired a race sponsorship package and entertainment hospitality packages.

All of these transactions were on normal commercial terms and conditions.

Note 17: Capital and Lease Commitments

Capital Commitments

The Company had capital commitments in relation to the upgrade of the irrigation system in the amount of \$210,069 at 30 June 2021.

In the 2016/2017 financial year the Company signed a funding agreement with Racing NSW in relation to the construction of additional stables. The agreement provides for funding from NSW Racing of up to \$500,000. The funding is to be made by an interest free interminable loan. The funding agreement requires the Company at least \$500,000 of its own funds to the project. As at 30 June 2021, the Company had outstanding commitments under this funding agreement of \$194,516. The cost of the project may exceed initial estimates.

Lease Commitments

The Company has lease arrangements for plant and equipment. Upon adoption of AASB 16, plant and equipment leases with an asset value greater than \$10,000 are now recognised on the statement of financial position. The Company does not currently have leases with an asset value greater than this threshold.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 18: Contingent liabilities and Contingent Assets

There are no Contingent Liabilities and Contingent Assets other than:

Racecourse Development Project

In the previous reporting periods, funding was provided to the Company by way of an unsecured, interest free, interminable loan from Racing NSW for the purposes of the racecourse development project.

This loan is only repayable if one of the following conditions is triggered:

- The Company conducts business activities in such a manner It becomes financially unstable or insolvent;
- The Company ceases to operate as a horse racing club;
- The Company disposes of loan or other freehold property without the agreement of Racing NSW;
- The Company merges, amalgamates or other associates with any other race club;
- The Company amends its governance structure; or
- The Company is in a material breach of any of its obligations, duties and functions under the funding agreement.

The Directors are of the opinion that the circumstances outlined above are unlikely to occur in the ordinary course of business, therefore no liability has been recorded at balance date. The maximum contingent liability at balance date in respect of this loan is \$7,145,220 (2020: \$7,145,220).

Legal Proceedings

At the date of this report, the Company is currently involved in legal proceedings with a former employee and an employment agent's employee. These matters are ongoing and are at a stage where the outcome cannot be reasonably determined.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2021

Note 19: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable, payable and finance facilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	2,616,854	1,551,923
- Receivables	6	2,392,499	2,302,872
- Financial assets	9	300,000	300,000
Total Financial Assets		5,309,353	4,154,795
Financial Liabilities			
Financial liabilities at amortised cost:			
- Payables	11	1,008,290	1,288,334
- Financial facilities	13	291,399	-
Total Financial Liabilities		1,299,689	1,288,334

Note 20: Net Fair Values

For other assets and other liabilities, the net fair value approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial report.

Note 21: Subsequent Events

The Directors continue to review the impact of COVID-19 on the operating activities of the Company including eligibility to Government stimulus packages.

Refer Note 18 for ongoing legal proceedings.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hawkesbury Race Club Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion, the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance and cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on the same date as this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information, being the information in the Company's annual report for the year ended 30 June 2021 and Directors' report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

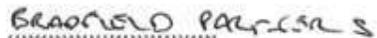
Auditor's responsibility for the audit of the financial report

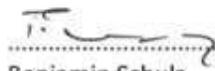
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


.....
Bradfield Partners


.....
Benjamin Schulz
Partner

Date: 25 October 2021
Sydney, Australia



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